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Testimony of Shirley Bergert¹ Before the Energy & Technology Committee Regarding Senate Bill #1176 An Act Concerning Electric Rate Relief March 15, 2011

Connecticut Legal Services serves low income households in Connecticut, providing legal advice and assistance in civil matters. These are our vulnerable neighbors at greatest risk in affording and maintaining necessary utility and energy services and other basic subsistence needs.

Recommended action: Adopt Section 1 (tax on electric generation)

This recommendation is also supported by the Better Choices for CT.²

This testimony only addresses section 1 of the bill.

Section 1 imposes a tax on electricity generation from nuclear, oil and coal sources produced in Connecticut and uploaded to the regional bulk power grid. Taxation on coal fired plants are limited to January, February, June, July and August, discouraging the use of the dirtiest plants for peak production. No tax is imposed on electricity generated at a facility exclusively through fuel cells or alternative energy systems.

This proposal returns a modest portion of the incredibly high earnings of utility baseload generation facilities, particularly nuclear plants, to Connecticut to help alleviate the burden on taxpayers to meet the budget gap faced by the state and to provide rate relief to electricity customers.

When electric deregulation passed in 1998 – nearly 13 years ago -- it was in anticipation of development of competition among electric generators which was expected to hold rates down. We now know that deregulated states across the

¹ Member of the Low Income Energy Advisory Board, Energy Conservation Management Board, Fuel Oil Conservation Board, and the Advisory Board for the Institute for Sustainable Energy.

² www.betterchoicesfortc.org; Better Choices for CT is a community coalition working to help Connecticut make smarter choices on ways to improve the state's imbalanced revenue system so that it:

- Advances opportunity for shared prosperity for all Connecticut residents
- Preserves services for children, families and the elderly
- Creates and sustains good jobs
- Reinvests in the middle class and our communities

country have higher rates than their regulated neighbors, and Connecticut has the highest electricity rates in the continental US.

The lack of competition led to windfall profits, particularly among nuclear baseload generators. This power is relatively inexpensive to produce, but the cost of production no longer bears any relationship to the cost of electricity to consumers. Credible estimates put the windfall profits at over a 50% return on equity for some generators, a stunning level of profit during the worst depression since the 1930s.

Particularly the nuclear baseload generators cannot pass this tax onto ratepayers because they do not sell directly to electric utilities serving end use customers. Rather the electricity they produce is sold into the markets where they must sell at market rates. Any tax would simply reduce their excessive profits.

Shared sacrifices should include those who are experiencing excessive profits in spite of the current economic crisis. This is modestly accomplished by this proposal.